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241447Z Aug 04

C O N F I D E N T I A L KUWAIT 002772

SIPDIS

STATE FOR PM, NEA, NEA/ARP, NEA/NGA

E.O. 12958: DECL: 08/24/2014

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SUBJECT: GOK AWAITS NEGOTIATING TEAM FOR MNF-I FUEL CONTRACT

REF: KUWAIT 02747

Classified By: Charge d'Affaires Matthew H. Tueller, Reasons 1.4(a), (b) and (d)

[1](#)1. (U) This is an action request; see paragraph 4.

[1](#)2. (C) CDA was called to a meeting with Minister of Energy Sheikh Ahmad Al-Fahd on August 24 to discuss the MNF-I fuel. The Minister said that he had been tasked by the GOK to resolve the matter, in response to the recent meeting in Washington (reftel). He listed a number of ways that the GOK has supported the U.S. in OIF (electricity, water, land, ports) and also listed a number of problems he has encountered in the National Assembly (NA) specifically because of this support, citing the GOK's assistance to Jordan and provision of humanitarian fuel aid to Iraq (the Altanmia/KBR contract). The GOK did not ask for any contractual agreement or payment for MNF-I fuel "even after the President stopped the war," but needed to ask for this one thing now. The GOK needed to have a contract in hand before the start of the next NA session, in order to be in compliance with its own laws. The GOK budgeted money for fuel and other OIF costs in the previous fiscal year, but not for the current fiscal year, which began in April.

[1](#)3. (C) CDA said that Washington does understand that Kuwait has been a strong ally, but that suspension of fuel would have serious repercussions on the stability and security of Iraq. The Minister said that the GOK was "amenable to finding a solution" and needed to reach a contractual agreement as soon as possible. The Minister also said that a contract for the continued provision of fuel could go into effect while a contractual price is worked out at a higher political level.

[1](#)4. (C) Action Request: Embassy requests Department provide the details on the contract negotiating team that will arrive in Kuwait and their itinerary, if possible, by Wednesday, August 25. A technical team from the Kuwait Petroleum Company (KPC) and the Minister's office will conduct the contract negotiations, under supervision by the Minister.

[1](#)5. (U) Baghdad minimize considered.  
TUELLER